

Adopted	Rejected
---------	----------

COMMITTEE REPORT

YES:	12
NO:	0

MR. SPEAKER:

Your Committee on Environmental Affairs, to which was referred Senate Bill 144, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:

- 1 Page 1, between the enacting clause and line 1, begin a new
- 2 paragraph and insert:
- 3 "SECTION 1. IC 13-11-2-66.3 IS ADDED TO THE INDIANA
- 4 CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
- 5 JULY 1, 2004]: **Sec. 66.3. "Emission reduction credit", for purposes**
- 6 **of IC 13-17-15, means a reduction in quantity of a regulated air**
- 7 **pollutant discharged by a permitted source:**
- 8 **(1) that exceeds the reduction required under local, state, or**
- 9 **federal:**
- 10 **(A) law;**
- 11 **(B) regulation;**
- 12 **(C) order;**
- 13 **(D) permit; or**
- 14 **(E) other requirement;**
- 15 **(2) that is an actual emission reduction assured for the life**

1 of the emission reduction credit through any enforceable
 2 mechanism allowed under rules of the board;
 3 (3) for which the amount, rate, and characteristics can be
 4 estimated through a method approved by the department;
 5 (4) that is in excess of reductions used by the department:
 6 (A) in issuing any other permit; or
 7 (B) to demonstrate:
 8 (i) attainment; or
 9 (ii) reasonable progress toward attainment;
 10 of federal ambient air quality standards; and
 11 (5) that has not previously been used to avoid new source
 12 review requirements of the federal Clean Air Act under 42
 13 U.S.C. 7470 et seq. (Part C) or 42 U.S.C. 7501 et seq. (Part D)
 14 through a netting demonstration."

15 Page 1, between lines 7 and 8, begin a new paragraph and insert:

16 "SECTION 3. IC 13-17-15 IS ADDED TO THE INDIANA CODE
 17 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
 18 1, 2004]:

19 **Chapter 15. Emission Reduction Credit Registry**

20 **Sec. 1. The emission reduction credit registry is established.**
 21 **The department shall maintain the registry for each source in**
 22 **Indiana that chooses to apply to the registry for any regulated air**
 23 **pollutant that meets the requirements of an emission reduction**
 24 **credit.**

25 **Sec. 2. The emission reduction credit registry must include at**
 26 **least the following information with respect to each permitted**
 27 **source for which an entry is made under section 3 of this chapter:**

- 28 (1) **The amount of each emission reduction credit.**
- 29 (2) **Identification of the regulated air pollutant reduced.**
- 30 (3) **The date the emission reduction occurred.**
- 31 (4) **The location of the source.**
- 32 (5) **Identification of the process or facility associated with the**
 33 **reduction.**
- 34 (6) **The date, amount, and purpose of each withdrawal of an**
 35 **emission reduction credit from the registry under section 5**

1 of this chapter.

2 **Sec. 3.** A permitted source may apply to the department to
3 have an emission reduction credit approved by the department for
4 entry in the emission reduction credit registry. The application
5 must indicate how the permitted source achieved the emission
6 reduction. The department shall:

- 7 (1) review each application made under this section and
8 determine whether the application identifies an emission
9 reduction credit of the applicant;
10 (2) enter in the registry each emission reduction credit
11 determined under subdivision (1); and
12 (3) notify the permitted source in writing of the department's
13 action under this section.

14 **Sec. 4.** An emission reduction credit may be used for any
15 purpose allowed under:

- 16 (1) federal law;
17 (2) federal regulations;
18 (3) state law; or
19 (4) rules adopted by the board.

20 **Sec. 5.** A permitted source with emission reduction credits in
21 the emission reduction credit registry shall notify the department
22 in writing each time the source:

- 23 (1) permanently withdraws an emission reduction credit from
24 the list of emission reduction credits held by the source; or
25 (2) transfers an emission reduction credit to another entity.

26 **Sec. 6.** The department shall:

- 27 (1) verify the withdrawal or transfer of emission reduction
28 credits under section 5 of this chapter;
29 (2) update the emission reduction credit registry to reflect
30 the withdrawal or transfer; and
31 (3) notify the permitted source in writing of the updated
32 information in the registry.

33 **Sec. 7.** The commissioner may revoke or suspend emission
34 reduction credits for cause, including any of the following:

- 35 (1) Evidence of noncompliance with permit conditions

1 imposed to make the emission reductions permanent and
2 enforceable.

3 (2) Failure to achieve in practice the emission reductions on
4 which the emission reduction credits are based.

5 (3) Misrepresentations made in:

6 (A) the application submitted under section 3 of this
7 chapter;

8 (B) any other application on which the emission reduction
9 credit is based;

10 (C) any subsequent reports or data that support an
11 application referred to in clause (A) or (B); or

12 (D) a notice to the department under section 5 of this
13 chapter.

14 **Sec. 8. The department shall develop:**

15 (1) forms and instructions for filing:

16 (A) an application under section 3 of this chapter; or

17 (B) a notice to the department under section 5 of this
18 chapter; and

19 (2) guidance for using or retiring an emission reduction
20 credit.

21 **Sec. 9. The board may adopt rules under IC 4-22-2 to**
22 **implement this chapter."**

23 Renumber all SECTIONS consecutively.

(Reference is to SB 144 as printed January 27, 2004.)

and when so amended that said bill do pass.

Representative Bottorff